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Westly Announces New Tax Law: Equal Treatment For Domestic Partners

New Focus Group Helps Domestic Partners Understand Changes

SACRAMENTO – State Controller and Franchise Tax Board Chair Steve Westly today announced new changes in California tax law that gives registered domestic partners the same tax filing status as married couples. Under current State and federal law, domestic partners use the single or head of household filing status.

“California has recognized domestic partnerships since 2003, but State tax laws have not,” Controller Westly said. “This new law will ensure that domestic partners are given fair treatment by getting the same filing status as their married counterparts.”

Senator Carole Migden, (D-San Francisco), authored **SB 1827** which provides for registered domestic partners to file their state tax returns using either the “married filing jointly” status or “married filing separate.” The new law takes effect for tax year 2007, which taxpayers will begin filing in January 2008, and does not impact federal tax law.

The Franchise Tax Board (FTB) has formed an implementation team to review the various processes, forms and system changes needed for implementation by January 1, 2008. FTB is also in the process of establishing a focus group of interested parties consisting of tax practitioners, the State Bar Association, and domestic partner groups. The focus group will begin meeting next month to discuss tax planning guidance for affected taxpayers and tax professionals. Such issues being discussed include how to compute adjusted gross income for state purposes, capital gains and loss rules, and other areas of tax law impacted by this new law.

“In California, **SB 1827** provides registered domestic partners with the same rights as married couples,” said John Chiang, Chair of the State Board of Equalization and member of the FTB. “I am going to recommend that the FTB hold public sessions around the state to explain the details and procedures of the legislation, as these become available.”

Chiang added that the measure creates a complication since registered domestic partners will now have a different filing status for California than they have for federal purposes.

FTB is the agency tasked with implementing the new law, which requires new programming and testing of its automated system, as well as creating new tax forms. The FTB will also work collaboratively with tax practitioners, domestic partner groups and other interested parties to ensure the successful implementation of the law.

Taxpayers and interested parties can submit questions on this matter via the FTB’s Website at www.ftb.ca.gov or by emailing RDP@ftb.ca.gov.

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